

Message Text

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ACTION ARA-10

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3257

C O N F I D E N T I A L CARACAS 5676

E.O. 11652: GDS

TAGS: EAGR,

SUBJ: PRESIDENT DEFENDS RECENT AGRICULTURAL AND FINANCIAL MOVES

1. SUMMARY. IN A SPEECH TO THE NATION ON MAY 14, PRESIDENT PEREZ EXPLAINED REASONS FOR RECENT ACTIONS ON PRICES AND FINANCIAL MATTERS. MAJOR PORTION OF SPEECH WAS DEVOTED TO DESCRIBING GOVERNMENT PROGRAMS, PAST AND FUTURE, AIMED AT IMPROVING ECONOMIC AND SOCIAL CONDITIONS OF RURAL POOR. PEREZ ALSO ANNOUNCED IMPLEMENTATION OF EIGHT DECREES CONCERNING AGRICULTURAL SECTOR AND ONE ON CONSUMER PROTECTION. END SUMMARY.

2. PRESIDENT PEREZ "TOOK TO THE AIR" FRIDAY EVENING TO RESPOND TO MOUNTING CRITICISMS OF THE RECENT GOVERNMENT ACTIONS TO INCREASE CERTAIN FARM PRICES, INCREASE SOME RETAIL PRICES WHILE "FREEZING OTHERS, AND INSTITUTE A NUMBER OF FINANCIAL CONTROLS. IN HIS 90 MINUTE SPEECH, PEREZ TROTTED OUT USUAL CLICHES, STATISTICS, AND OTHER "OLD WAR HORSES" TO PROVE THE AGRICULTURAL SECTOR HE INHERITED IN CHAOS IS NOW ON ROAD TO DEVELOPMENT. HE PROVIDED GLOWING DESCRIPTIONS OF VARIOUS CURRENT GOV PROGRAMS SUCH AS RURAL ROADS, ELECTRIFICATION, EDUCATION AND HEALTH FACILITIES, AS WELL AS FARM CREDIT, MINIMUM PRODUCER PRICES.

3. AT ONE POINT PRESIDENT MADE STRONG STATEMENT REGARDING SPECULATORS. HE NOTED "THESE LARGE ECONOMIC INTERESTS, THAT ARE BEHIND THE SPECULATION,... HAVE OBTAINED THE SUPPORT OF OPPOSITION
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POLITICAL PARTIES IN ORDER TO BRING PRESSURE AGAINST THE

GOVERNMENT." HE ALSO STATED "THE GOVERNMENT MUST STOP THE BAD VENEZUELAN CUSTOM OF ... "VIVIR DEL FIAO" (BUY NOW, PAY LATER).

4. DECREES ANNOUNCED IN SPEECH COVER: LAND OWNERSHIP UNDER AGRARIAN REFORM PROGRAM (4 DECREES), ESTABLISHMENT OF A COMMISSION TO STUDY EXTENSION OF SOCIAL SECURITY PROGRAM TO FARM WORKERS, LAUNCHING OF A NATIONAL FRESH WATER FISH PROGRAM, STUDY TO DETERMINE LANDS WHICH SHOULD BE RESEARVED EXCLUSIVELY FOR AGRI ULTURAL PURSUITS, AND SETTING UP OF COMMISSION TO LAY GROUND WORK FOR A UNIFIED AGRICULTURAL LAW.

5. FURTHER INFORMATION ON SPEECH CONTAINED IN VZ-6015 SUBMITTED BY AGATT.

6. COMMENT. THERE WERE NO REAL SURPRISES IN SPEECH. ITS MESSAGE WAS DESIGNED TO APPEAL TO "CAMPESINAS AND COMPESINOS"--- THE RURAL POOR. THIS HAS CAUSED SOME ADVERSE COMMENT FROM "MEDIUM-SIZED" FARMERS WHO FEEL THAT THEY, AS PRODUCERS OF LARGEST SHARE OF AGRICULTURAL OUTPUT, SHOULD GET MORE GOVERNMENT SUPPORT.
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